

## **Frequently Asked Questions (FAQs)**

Bank Indonesia Circular Letter Number 10/37/DPM dated November 13, 2008,  
concerning Government Bond Reverse Repo Transactions with Bank Indonesia  
in Open Market Operations

**Q. What is the objective of Government Bond Reverse Repo (RR-SUN) transactions?**

A. The RR-SUN transactions by Bank Indonesia are conducted in effort of monetary contraction under auction mechanism.

**Q. Who are eligible to become RR-SUN auction participants?**

A. The RR-SUN Participants comprise :

- a. Banks which bid for their own behalf; and/or
- b. Brokers which bid for Banks.

**Q. What is the requirement to become a RR-SUN auction participant?**

A. Any RR-SUN auction participant shall be in the status of active as a participant of the BI-SSSS and not being under imposition of temporary termination to participate in OMO activities.

**Q. How long is the RR-SUN transaction tenor?**

A. RR-SUN transaction tenor is 1 (one) day up to 1 (one) year which is stated in number of calendar day/s and counted since 1 (one) day after the transaction settlement date up to the maturity date.

**Q. When is RR-SUN auction conducted?**

A. RR-SUN transaction may be conducted every business day in accordance with announcement on RR-SUN auction plan.

**Q. How can auction participants know about RR-SUN auction plan?**

A. The RR-SUN auction plan will be announced by Bank Indonesia before the auction at the latest through the BI-SSSS and/or LHBU System.

**Q. When will the RR-SUN auction results be announced?**

A. The RR-SUN auction results will be announced by Bank Indonesia immediately after the RR-SUN auction window time closes.

**Q. How many series of SUN will be traded in RR-SUN auction?**

A. The series of SUN traded in RR-SUN auction will be determined by Bank Indonesia

as announced ...

as announced in the RR-SUN auction plan. The RR-SUN auction may be conducted with 1 (one) series of SUN per auction (specific reverse repo) or more than 1 (one) series of SUN per auction (general reverse repo).

**Q. If RR-SUN auction is conducted with more than 1 series of SUN per auction, may Bank choose the series of SUN to be won?**

A. The series and nominal value of SUN won by Bank will be allocated by Bank Indonesia.

**Q. When is RR-SUN auction settlement conducted?**

A. The first leg RR-SUN auction settlement shall be conducted no later than 2 (two) business days after the auction date through the BI-SSSS, seamlessly interconnected with the BI-RTGS System.

**Q. How much is the rate of interest to be received by Bank in RR-SUN auction?**

A. The interest rate received by Bank in the RR-SUN auction is the Reverse Repo Rate (RR-Rate). If the RR-SUN auction mechanism is under fixed rate tender method, the RR-Rate will be determined by Bank Indonesia, and if under variable rate tender method, the RR-Rate will be the RR-Rate bid and won by Bank.

**Q. In case of any default by Bank on the maturity date of RR-SUN transaction, what actions will be taken by Bank Indonesia?**

A. The RR-SUN will be treated as an outright buying transaction by Bank since the date of the RR-SUN maturity. The SUN Price for outright transaction is based on the SUN Price on RR-SUN maturity date.

DPM